CONNECTED CRISIS

2021 Study
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ABOUT THE STUDY

Edelman DXI conducted research among business executives in order to understand their views on the shifting landscape when it comes to crisis management.

Purpose of the research
Understanding executives’ level of preparedness to crises, and the tools and platforms they use in response to crisis

Audience
100 x crisis management / business continuity executives per market – all individuals have a decision-making role for their organisation when it comes to crisis management. We ensure a mix of industries within the sample.

Markets
Canada, China, France, Germany, Saudi Arabia, Singapore, South Africa, UK, USA

Fieldwork
• The fieldwork for this 15-minute online survey was conducted between 7th July 2021 and 16th July 2021.
• A mix of company sizes have been surveyed – based on number of employees, as well as annual turnover – and industries on a global level.
• Statistical significance has been tested on 95% confidence level.
A WORLD OF CRISIS
Pandemic effects ripple across businesses

Social movements lead to a reckoning for business

Climate change driving business evolution

Cyber attacks evolving and increasing
WE ARE IN A WORLD OF CRISIS.

Crises can no longer be seen as moments in time.

88% of executives have faced at least one large crisis with business impact over the past three years.

Executives have faced, on average, four different types of crises over the past 3 years, from cybersecurity and cybercrime issues through to digital attacks and product failures.

Edelman Connected Crisis 2021 Study. Q1. How many crises would you say your company has faced over the past 3 years? Base size: All respondents - 902. // Q2. Which of the following types of crises has your company faced in the past 3 years? / Base size: All respondents - 902.
NEW CRISIS DYNAMICS ARE DISRUPTING BUSINESSES

The pervasive impact of digital channels has changed the way issues are formed, spread and sustained.

ACTIVISM IS EVERYWHERE
Over 7 in 10 (74%) executives say that recent social, diversity and inclusion activism is making crisis more difficult to manage

SYSTEMIC ISSUES RIPPLE THROUGH ECOSYSTEMS
7 in 10 (68%) executives say that crisis situations increasingly put their whole business at risk

WEAPONIZATION OF CRISIS
3 in 4 executives (75%) say misinformation and disinformation issues pose an increasing threat to companies

RISE OF THE “MEGA CRISIS”
3 in 4 executives say the digital-first landscape (i.e. use of social media and digital channels) is making issues and crises more difficult to manage

Edelman Connected Crisis 2021 Study. Q19. To what extent do you agree or disagree with the following statements? ‘Recent social, diversity and inclusion activism is making crisis more difficult to manage’, ‘The digital-first landscape (i.e. use of social media and digital channels) is making issues and crises more difficult to manage’. Top 3. Base size: All respondents - 902. // Q8. To what extent do you agree or disagree with the following statements about your company’s preparedness to crisis? ‘Crisis situations increasingly put my whole business at risk’. Top 3. Base size: All respondents - 902. // Q21. Thinking about misinformation and disinformation risks specifically, to what extent do you agree or disagree with the following statements? ‘Misinformation and disinformation issues pose an increasing threat to companies’. Top 3. Base size: All respondents - 902.
BELIEVE THAT, IN A WORLD WHERE EVERYTHING IS CONNECTED, IT HAS NEVER BEEN MORE IMPORTANT TO BUILD CORPORATE AND BRAND RESILIENCE

80%

Edelman Connected Crisis 2021 Study. Q19. To what extent do you agree or disagree with the following statements? ‘In a world where everything is connected, it has never been more important to build corporate and brand resilience’. Base size: All respondents = 902.
CRISSES ARE MULTIFACETED AND DIVERSE

Product and supply chain issues faced by more than half of executives in China

Includes consumer, employee and shareholder activism

Digital attacks and viral social media conversations faced by more executives in the US than any other country

Edelman Connected Crisis 2021 Study. Q2. Which of the following types of crises has your company faced in the past 3 years? Base size: All respondents - 902. All respondents by country: 100 (101 in the USA / 101 in Singapore).

Figures in blue are significantly higher or lower than the global average, figures in black are significantly lower than the global average (95% confidence interval). Grey shading indicates the highest response for each market.
Likelihood of Facing a Crisis Increasing

% who have said their company has faced this issue in the past, and is likely to face each of the following issues in the next 3 years

- has faced this issue in the past 3 years
- is likely to face this issue in the next 3 years

Digital issues (including cybercrime and cybersecurity, viral social media conversation, online/social media or digital attacks)

Activism against the company (including employee, shareholder and customer)

Product & supply chain issues (including product failure, quality or integrity issues or supply chain issues and disruption)

Diversity and inclusion related issues

Environmental issues (including natural disasters)

Digital issues (including cybercrime and cybersecurity, viral social media conversation, online/social media or digital attacks) and activism (including employee, stakeholder and customer activism) are the most anticipated issues

Edelman Connected Crisis 2021 Study. Q2. Which of the following types of crises has your company faced in the past 3 years? Base size: All respondents - 902. // Q4. How likely do you think it is for your company to face each of the following issues in the next 3 years? Top 3. Base size: All respondents - 902.
FREQUENT AND DISRUPTIVE IS THE NEW NORM.

% who say their company is likely to face the following issue over the next 3 years...

63%  Consumer activism against the company
62%  Cybersecurity and cybercrime
62%  Employee activism against the company
62%  Shareholder activism against the company
59%  Viral social media issue
57%  Misinformation / disinformation issues
54%  Online / social media / digital attacks
52%  Technology failures
51%  Diversity and inclusion issues

Edelman Connected Crisis 2021 Study. Q4. How likely do you think it is for your company to face each of the following issues in the next 3 years? Top 3. Base size: All respondents - 902.
Less than 1 in 2 executives say their company is well prepared to handle crises on a timely basis.

Only 46% of executives are well prepared to manage a cybercrime issue – despite 62% saying this is an issue they are likely to face in the next 3 years.

Only 45% of executives are well prepared to manage an online, social media or digital attack.

Edelman Connected Crisis 2021 Study. Q8. To what extent do you agree or disagree with the following statements about your company’s preparedness to crisis? Top 2. Base size: All respondents - 902. // Q4. How likely do you think it is for your company to face each of the following issues in the next 3 years. Top 3. Base size: All respondents - 902. // Q7. And now, thinking about the potential issues that could affect your company, how well prepared do you feel your company is to handle them should they arise. Top 2. Base size – All respondents: 902.
PREPARING FOR ACTIVISM
ACTIVISM IS ON THE RISE ACROSS CONSUMERS, EMPLOYEES AND SHAREHOLDERS ALIKE

% who say their company is likely to face the following issue over the next 3 years...

- **63%** Consumer activism against the company
- **62%** Employee activism against the company
- **62%** Shareholder activism against the company

Edelman Connected Crisis 2021 Study. Q4. How likely do you think it is for your company to face each of the following issues in the next 3 years? Top 3. Base size – All respondents: 902.
EXECUTIVES RECOGNIZE THE IMPACT ACTIVISM CAN HAVE

Activism impacts both reputation and operations.

“I am concerned employee / consumer activism can have a ripple effect across my company”

agree activism may have a high impact on business reputation and operations

But less than 1 in 2

executives say they are well prepared to handle activism-led crises

Edelman Connected Crisis 2021 Study. Q22. Thinking about consumer activism now, to what extent do you agree or disagree with the following statements? By consumer activism, we mean the actions taken by customers and consumers to speak out for or against brands on controversial issues that impact society. Top 3. Base size: All respondents - 902. // Q5. How much impact on your business reputation do you think the following issues might have on your company over the next 3 years should they arise? Top 3. Base size: All respondents - 902. // Q6. How much impact on your business operations do you think the following issues might have on your company over the next 3 years if there were to arise? Top 3. Base size – All respondents: 902.
EXPECTATIONS OF BUSINESS TO ADDRESS SOCIETAL ISSUES

This pressure arises both internally and externally, presenting an additional challenge in response to crisis.

“My company is facing external pressure to be more vocal about key societal issues”

“My company is facing internal pressure to be more vocal about key societal issues”

Edelman Connected Crisis 2021 Study. Q20. Thinking about employee activism, to what extent do you agree or disagree with the following statements? By employee activism, we mean the actions taken by workers to speak out for or against their employers on controversial issues that impact society. Top 3. Base size: All respondents - 902. // Q22. Thinking about consumer activism now, to what extent do you agree or disagree with the following statements? By consumer activism, we mean the actions taken by customers and consumers to speak out for or against brands on controversial issues that impact society. Top 3. Base size: All respondents - 902.
INTERNAL PRESSURE IS ON THE RISE

Employees are prepared to support or criticize their employer.

68% “My company has seen a rise in employee activism over the past 3 years”

67% “Employee activism poses a growing threat to the reputation of my company”

Percent who say employees in their company have spoken in favour, or against, their efforts

71% Advocates

“Employees within my company have spoken up to take a stance on societal issues, supporting our company’s approach”

68% Detractors

“Employees within my company have spoken up to take a stance on societal issues, criticizing our company’s approach”

Edelman Connected Crisis 2021 Study. Q20. Thinking about employee activism, to what extent do you agree or disagree with the following statements? By employee activism, we mean the actions taken by workers to speak out for or against their employers on controversial issues that impact society. Top 3. Base size – All respondents: 902
RESPONSE TO STAKEHOLDER EXPECTATIONS STILL NEEDS TO IMPROVE

Over 4 in 10 executives do not feel their company is well equipped to respond to consumer, customer or employee expectations.

Social initiatives (e.g., diversity and inclusion)  
- 55%  
- 57%

Environmental initiatives (e.g., climate change)  
- 54%  
- 56%

Purpose initiatives (i.e., doing good for society)  
- 53%  
- 58%

Edelman Connected Crisis 2021 Study. Q22. Thinking about consumer activism now, to what extent do you agree or disagree with the following statements? By consumer activism, we mean the actions taken by customers and consumers to speak out for or against brands on controversial issues that impact society. Top 2. Base size: All respondents - 902. // Q20. Thinking about employee activism, to what extent do you agree or disagree with the following statements? By employee activism, we mean the actions taken by workers to speak out for or against their employers on controversial issues that impact society. Top 2. Base size – All respondents: 902.
ADAPTING TO THE DIGITAL LANDSCAPE
75% of executives say that the speed of social media activity has changed the way they can manage crises.

79% of executives say that the speed of social media activity worries them in their response to crisis.

74% of executives agree that their company is well prepared for the need to respond quickly across communications channels in its crisis preparedness plans (search, media buying, media relations, employee channels, etc.).

Only 1 in 2
EXECUTIVES EXPECT TO FACE DIGITALLY-ROOTED ISSUES

But only 1 in 3 executives consider that their company can anticipate and handle them.

- 75% said their company is likely to face digital issues in the next 3 years.
- 31% thinking about digital crisis management, my company’s ability to anticipate and identify risks today is very good.
- 29% thinking about digital crisis management, my company’s ability to handle crises when they arise today is very good.

Edelman Connected Crisis 2021 Study. Q4. How likely do you think it is for your company to face each of the following issues in the next 3 years? Top 3. Base size: All respondents - 902. // Q18. Overall, how you would you rate your company’s ability to do the below? Top 2. Base size – All respondents: 902
While the majority realize the need to integrate digital response tactics, few are equipped to do so.

77% of executives say that communicating through press releases and scripted responses is no longer enough in responding to crisis.

But less than 1 in 3 are always prepared to use other channels in their response.

**Assets used in response to a crisis**
- Recognizes this as a useful channel or asset
- Always prepared to use these channels or assets when facing a crisis

- **Community management**: 73% recognize and 31% are always prepared
- **Use search engine optimization (SEO)**: 73% recognize and 31% are always prepared
- **Use search engine marketing (SEM)**: 71% recognize and 31% are always prepared
- **Share CEO/leadership communications**: 73% recognize and 31% are always prepared
- **Website crisis features**: 72% recognize and 31% are always prepared
- **Cascade internal communications**: 74% recognize and 30% are always prepared
- **Use social media assets**: 74% recognize and 29% are always prepared
- **Use dark sites**: 62% recognize and 25% are always prepared

*Edelman Connected Crisis 2021 Study. Q14. To what extent is your company prepared to use the following assets in its response to crisis? 'Our company is always prepared to do this'. Base size: All respondents - 902. // Q15. And how useful are or would be each of the following in helping your company’s crisis management? Base size: All respondents - 902. // Q19. To what extent do you agree or disagree with the following statements? Top 3. Base size – All respondents: 902.*
INSTINCT STILL DRIVES DECISION-MAKING

Significant gap between the recognized usefulness of data and consistent use of it when facing a crisis

Only **1 in 3** executives are consistently prepared to use any data source in their response to crisis.

**Data sources used in response to a crisis**
- Recognizes this as a useful source
- Always uses this data when facing a crisis

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**CONNECTED CRISIS 2021 STUDY**

Q12. Now, please think of your current crisis management procedures. To what extent would you say your company uses the following data or inputs in crisis response plans. 'My company always uses this data in our crisis response plan'. Base size – All respondents: 902 // Q13. And how useful are or would be each of the following in helping your company's crisis management? NET Useful: Extremely useful & very useful. Base size – All respondents: 902.

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Customer service data: 76%
Monitoring of channels (press, website, social media, online news coverage): 71%
Reputation data: 72%
Supplier data: 71%
Employee surveys: 73%
Investor advice: 69%
Regulators advice: 71%
Customers / consumer testing: 71%
Predictive intelligence: 72%
Input from stakeholders: 70%
Input from shareholders: 68%
INTEGRATION REMAINS A WORK IN PROGRESS

Only

1 in 2

say different organizational functions across the company are involved in designing crisis preparation plans (i.e., marketing, HR, employee communications, legal)

And few say their companies are effectively integrating across teams.

% who have said their company is effective in involving different organizational functions or teams in responding to the crisis

<table>
<thead>
<tr>
<th>Functional Category</th>
<th>Somewhat effective + Very effective</th>
<th>Somewhat effective</th>
<th>Very effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and litigation teams</td>
<td>78%</td>
<td>60%</td>
<td>18%</td>
</tr>
<tr>
<td>Marketing team</td>
<td>77%</td>
<td>57%</td>
<td>20%</td>
</tr>
<tr>
<td>Employee communications</td>
<td>76%</td>
<td>58%</td>
<td>18%</td>
</tr>
<tr>
<td>Human resources</td>
<td>76%</td>
<td>57%</td>
<td>19%</td>
</tr>
<tr>
<td>Investors</td>
<td>75%</td>
<td>56%</td>
<td>19%</td>
</tr>
<tr>
<td>External communications / PR firms</td>
<td>75%</td>
<td>57%</td>
<td>18%</td>
</tr>
<tr>
<td>Insights teams</td>
<td>75%</td>
<td>59%</td>
<td>16%</td>
</tr>
<tr>
<td>Suppliers</td>
<td>73%</td>
<td>56%</td>
<td>17%</td>
</tr>
<tr>
<td>Regulators</td>
<td>73%</td>
<td>55%</td>
<td>18%</td>
</tr>
</tbody>
</table>

At best, only

1 in 5

executives say they are very effective in involving different organisational functions in the response to the crisis
KEY FINDINGS

The new crisis landscape
New crisis types and dynamics, fueled by cultural and technological shifts driven by digital platforms, are increasingly disrupting businesses.

A gap in preparedness
There are significant gaps between the importance placed by executives on many evolving aspects of crises, and the preparedness of companies to adapt.

Activism on the rise
Activism is on the rise, across consumers, shareholders and employees, and many executives do not feel equipped to respond.

Worried about digital and data
Executives expect to increasingly face challenges rooted in digital, but few believe that their company can navigate them.
A new approach to crisis management is needed.

1. **Re-assess risk for today’s landscape**
   Organizations need to reassess their risk landscape if they are to prepare for new threats driven by the emergence and growth of new crisis types and dynamics.

2. **Enable action on social issues**
   Leaders must apply a consistent decision-making framework to determine when and how to take a stand on societal issues.

3. **Place Employees at the center**
   Executives must consider employees as a primary audience given the systemic impact of crises and as employee activism rises.

4. **Re-examine digital and data integration**
   Companies must ensure digital and data are deeply integrated from crisis planning onwards, and shift from a media-first to a stakeholder-first mindset.
EDELMAN IS UNIQUELY PREPARED TO HELP YOU NAVIGATE THE CONNECTED CRISIS LANDSCAPE.

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